

Approved May 17, 1976.

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CHAPTER 567

(Senate Bill 235)

AN ACT concerning

Corporations and Associations

FOR the purpose of permitting a Maryland corporation to have its shares of stock of one or more classes acquired through exchange by another corporation on the vote of its stockholders, without affecting the corporate existence of either corporation, establishing the requisites, exceptions, procedures, and stockholder rights applicable to such an exchange, defining terms, and making related changes; modifying the requirements and establishing standards for permitting certain obligations for future payments by certain officers, directors, and employees to constitute payment for stock of a corporation; modifying and conforming certain language related to the management and exercise of the power of various corporations; broadening the powers of a corporation to make certain gifts or contributions; modifying the provisions imposing liability on directors who approve certain dividends and other distributions of assets or approve certain purchases or redemptions of a corporation's own shares, providing for contribution from certain stockholders who accept or receive these dividends or other distributions and for contribution from certain other directors, and modifying the defenses to this liability; establishing an express standard of care for directors in the performance of their duties; clarifying that, under certain circumstances, a director of a Maryland corporation may be removed with or without cause by the affirmative vote of a majority of the stockholders entitled to vote on the election of directors and creating limitations on the right to remove a director without cause if a corporation has cumulative voting or its stockholders have class voting rights in the election of directors; revising the power of the board of directors to delegate matters to a committee of the board of directors and clarifying the liability of noncommittee directors for actions of a committee; revising the power of the board of directors to amend the charter of a corporation; modifying the provisions relating to terms permitted to be used in a corporate name; permitting a Maryland corporation to make loans to certain officers and employees if, except in certain